

CITY COUNCIL  
CITY OF NEW YORK

-----X

TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEE ON FINANCE, HOUSING AND BUILDINGS AND  
PUBLIC HOUSING

-----X

November 21, 2008

Start: 10:11 am

Recess: 11:57 am

HELD AT: Council Chambers  
City Hall

B E F O R E:

DAVID I. WEPRIN  
ROSIE MENDEZ  
Chairperson

COUNCIL MEMBERS:

Tony Avella  
Lewis A. Fidler  
Robert Jackson  
Rosie Mendez  
James Vacca  
John C. Liu  
Maria del Carmen Arroyo  
Inez E. Dickens  
Mathieu Eugene  
Diana Reyna  
Peter F. Vallone, Jr.  
Melissa Mark-Viverito  
David Yassky

## A P P E A R A N C E S

## COUNCIL MEMBERS:

Eric N. Gioia  
Letitia James  
Miguel Martinez  
Vincent Ignizio  
Vincent J. Gentile  
James S. Oddo

## A P P E A R A N C E S (CONTINUED)

Tino Hernandez  
Chairman  
Housing Authority

Douglas Apple  
General Manager  
Housing Authority

Hugh Spence  
Deputy General Manager of Community Operations  
Housing Authority

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 4  
HOUSING

2 SERGEANT-AT-ARMS: Quiet, please

3 [off mic]

4 CHAIRPERSON WEPRIN: Good morning  
5 and welcome to today's Finance Committee hearing.  
6 My name is David Weprin, I Chair the Finance  
7 Committee. This hearing is joint with the Housing  
8 and Buildings Committee and chaired by Erik Martin  
9 Dilan and the subcommittee on Public Housing  
10 chaired by Rosie Mendez, to my immediate left.  
11 Chairman Dilan will not be here this morning, but  
12 for good reasons, his wife just gave birth to a  
13 baby boy, Daniel, and we wish them all much  
14 success and obviously we all understand his  
15 absence today. Before we hear from Chairman  
16 Hernandez, I just want to quickly highlight the  
17 proposed cuts in the Mayor's November plan as it  
18 relates to the New York City Housing Authority.  
19 The New York City Housing Authority provides  
20 affordable housing for low income city residents  
21 by managing and maintaining 345 public housing  
22 developments with 181,000 apartments, housing  
23 approximately 420,000 authorized residents. New  
24 York City Housing Authority also administers  
25 Section 8 vouchers. The Authority manages new

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 5  
HOUSING

2 construction and rehabilitation of public housing  
3 buildings and units and also provides social  
4 services to its residents. New York City Housing  
5 Authority fiscal year is based on a calendar year.  
6 For Fiscal Year 2008, New York City Housing  
7 Authority has a projected deficit of 170 million,  
8 to help with this deficit the City Council  
9 provided 18 million in the city's fiscal year '09  
10 budget to help New York City Housing Authority  
11 close its budget gap. In order to close its  
12 budget deficit, New York City Housing Authority  
13 will cut its Community Operations budget by \$49  
14 million in Fiscal Year '09. Twenty million of  
15 this 49 million cut is for community centers,  
16 social services, employment services, and other  
17 core services. Last spring, in April 2008, New  
18 York City Housing Authority estimated 427  
19 positions, including 190 layoffs resulting in a  
20 savings of \$21 million. As part of this action,  
21 the New York City Housing Authority also announced  
22 that 19 community centers would be closed and  
23 consolidated into nearby facilities. Since the  
24 New York City Housing Authority's cutting its  
25 Community Operations budget, the provision of

these services will be done by other city agencies, such as the Department for the Aging, Human Resource Administration, and the Administration for Children's Services--agencies that already overwhelmed. The Council's \$18 million will go to these city agencies to help plug the gap of the \$20 million worth of services New York City Housing Authority once provided. We hope to hear from Chairman Hernandez to hear New York City Housing Authority's other planned initiatives to reduce Fiscal Year '09 deficit, as well as steps taken to help ease the effect of eliminating services once provided by the New York City Housing Authority. I understand, Mr. Chairman, that you made an announcement this morning, I don't know if you're going to reference it in your testimony or not, but I understand you're going to be leaving us shortly, but you'll be around for the next month or so? Is that accurate?

TINO HERNANDEZ: Three weeks.

CHAIRPERSON WEPRIN: Next three weeks, okay. But, obviously, your able staff and deputies are available and will continue to be

available. I'm going to introduce my colleagues that are here, we have Council Member Lew Fidler, our Assistant Majority Leader from Brooklyn, and Council Member John Liu from Queens and I'm going chair it over--turn the mike over to my co-chair, Rosie Mendez, head of the Public Housing Subcommittee.

CHAIRPERSON MENDEZ: Thank you, Chairman Weprin. Thank you for holding this important hearing today and all the hearings this week and next week on the proposed budget cuts to Fiscal Year '09. The city of New York is well aware of the multitude of fiscal challenges facing NYCHA with annual budget deficits, year after year. Many of these challenges have been covered by the media as chronic government under-funding has led NYCHA to make difficult decisions, transferring capital funding to cover its expenses in order to comply with federal regulation. And as a result, delaying much-needed capital repairs, such as elevator, roof, and boiler replacements. NYCHA's Fiscal Year '08 budget currently stands at 171 million, despite a variety of measures undertaken by the Authority to close the gap, it

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 8  
HOUSING

2 has included many reforms, such as transitioning  
3 non-federal apartments into the Section 8 program,  
4 implementing a hiring freeze, eliminating  
5 managerial positions, raising rents and fees, as  
6 well as passage of state legislation that  
7 increases the shelter allowance provided to the  
8 Public Housing Authority and creating parity with  
9 private landlords. NYCHA is the premier Public  
10 Housing Authority in this nation and it provides a  
11 multitude of social services to its tenants that I  
12 believe is necessary. But certainly outside of  
13 its core mission of providing low-cost decent,  
14 affordable housing, the main purpose of this  
15 hearing is to review one of the major initiatives  
16 NYCHA will undertake to address their structural  
17 budget deficit in Fiscal Year '09. This  
18 initiative will cut its Community Operations  
19 budget and transfer the provision of community-  
20 based services to city agencies. These cuts will  
21 affect community centers and other social services  
22 to NYCHA residents that have been traditionally  
23 provided by NYCHA. I am proud to say that in the  
24 New York City Council for Fiscal Year '09, we  
25 provided 18 million in funding for the purpose of



preventing the closure of all of its NYCHA senior and community centers. I want to thank my Chair, Eric Dilan, with Housing and Buildings, who could not be here today and particularly Council Member Melissa Mark-Viverito, Council Member Tish James, and our Speaker, Christine Quinn--we worked side-by-side to secure this necessary funding. This 18 million will go a long way to maintaining some centers open, but it was short of the 66 million needed to keep all centers open. These are tough times, not just for NYCHA, but for New York City and this nation. In tough times, tough decisions are made and NYCHA operated community centers will be closing in this city, unfortunately. The purpose of this hearing is to review NYCHA's Fiscal Year '08 budget gap, to ascertain which centers will be closing and why, to discuss in further detail the effects of cutting the Community Operations budget, and how NYCHA intends to work with the administration and the New York City Council to transition these essential services to city agencies. And if I could just take a minute to say, Chairman Hernandez, I am sad that you will be leaving. The Authority under

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 10  
HOUSING

2 your leadership under these tough times has done  
3 well, as I tell everyone, I'm a resident of public  
4 housing and certainly under your years, I am proud  
5 of the work you've done. There's always things  
6 that could have been done better and you always  
7 strive to make them better and I appreciated those  
8 efforts under your tenure. I look forward to  
9 working with the new Acting Chair, which I  
10 understand will be Ricardo Morales, and I look  
11 forward to continue my work with Doug Apple and  
12 the rest of the board. Thank you for your service  
13 to the city and to NYCHA residents.

14 [Pause]

15 CHAIRPERSON WEPRIN: I would be  
16 remiss, Mr. Chairman, if I didn't add to what  
17 Chairman--Chair Mendez says that it's been a  
18 pleasure working with you my entire tenure in the  
19 Council this last seven years as head of the  
20 Finance Committee and Council Member and it's--  
21 your leadership has been exceptional, outstanding  
22 and I look forward to interacting with you in your  
23 new position. We've been joined by Council Member  
24 Diana Reyna from Brooklyn and Queens and Council  
25 Member Maria del Carmen Arroyo from the Bronx.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 11  
HOUSING

2 Chairman Hernandez, do you have a statement?

3 TINO HERNANDEZ: Yes, Chair Weprin,  
4 and [pause] Chairwoman Rosie Mendez. I offer my  
5 congratulations to Chair Dilan, I was told this  
6 morning about his new child and please convey my  
7 congratulations to him. I would also add that  
8 I'm--I guess I should identify myself for the  
9 record, I'm Tino Hernandez, Chairman of the  
10 Housing Authority. I would also add that I am  
11 humbled and touched by the remarks that you've  
12 made about my tenure and our ability to work  
13 together over the last seven years. The Mayor and  
14 I appeared on the John Gambling Show earlier this  
15 morning, where the Mayor announced my resignation  
16 as Chair of the Housing Authority. I just wanted  
17 to really touch upon the circumstances of how this  
18 came about and I do know, Chair Weprin, that you  
19 have some familiarity with the organization that  
20 I'm going to. Earlier this year, in January, I  
21 was informed by Samaritan Village, which is a  
22 large drug treatment agency where I served as Vice  
23 President for about five years before my tenure in  
24 city government, that the President and CEO--  
25 really the founder of Samaritan Village was

COMMITTEE ON FINANCE, HOUSING, AND PUBLIC  
HOUSING

stepping down as president after about--really 43 years serving as president of that organization. It's an organization that's near and dear to me, it's an organization that provides very comprehensive services to drug treatment, that provides drug treatments in New York City. They have multiple facilities throughout New York City and upstate and it's an organization that's nationally renowned in terms of innovative drug treatment. It deals with myriad populations, has a specialty in veteran services, which is an important issue in this day and time, provide services to homeless, is involved in senior services, is involved in a myriad of other services. In January, when the president was stepping down, the board of the organization reached out to me, asked if I was interested in succeeding Richard Pruss and I expressed an interest in doing that. Had a conversation with the Mayor about it, got his blessing to be able to talk to Samaritan Village, the Mayor did ask that I postpone my departure until the end of this year, and I felt that I owed the Housing Authority and the Mayor that commitment. Today we announced

my resignation, he also announced that, as is customary in his administration, that he has appointed an Acting Chair, as indicated by Chair Mendez, that will be Ricardo Morales, and then, as is also customary, the administration will conduct a national search for a new Chair of the Housing Authority. Again, I thank you for your warm remarks and it has really been a privilege and an honor for me to work with the City Council on many of the things that we were able to achieve together during [off mic] time a federal disinvestment. I feel very confident that I leave the Housing Authority in very good hands. Ricardo Morales is a person that's been a key adviser to me, that knows the agency well, I think that he will do well in his position. Doug Apple, our General Manager, the entire team that we have here, I think--and I always get in trouble for saying this--that I was able to assemble the best and the brightest in city government and I really want to take a moment really just to thank my cabinet for the hard work that they do for residents of public housing, for New Yorkers every day. And without any further ado, I will testify

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 14  
HOUSING

2 on the fiscal condition of the Housing Authority.  
3 Joining me today is Doug Apple, General manager  
4 and Hugh Spence, Deputy General Manager of  
5 Community Operations. We're here to update the  
6 City Council on NYCHA's budget and our efforts to  
7 achieve fiscal balance. As the nation's largest  
8 Housing Authority, NYCHA has historically had a  
9 two-fold mission: we provide housing for 1 in 12  
10 low and moderate income New Yorkers, approximately  
11 625,000 people, through public using units and the  
12 administration of over 91,000 Section 8 vouchers.  
13 In addition, NYCHA has provided a vast array of  
14 community-based and social services. [Pause] Six  
15 years of federal under-funding has resulted in  
16 NYCHA being shortchanged by \$551 million in  
17 operating funds since 2002. Other cities faced  
18 with similar financial constraints in an aging  
19 infrastructure have reduced or eliminated and, in  
20 many cases, demolished their stock of public  
21 housing. However, in New York City, building on  
22 Mayor Bloomberg's strong advocacy for public  
23 housing, NYCHA has been able to go against the  
24 national tide and preserve this vital resource  
25 here in New York City. NYCHA's board has taken a

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 15  
HOUSING

2 number of strong and decisive steps to manage  
3 within its means. Since 2002, we have implemented  
4 numerous cost-saving initiatives and reduced  
5 spending by half \$1 billion. We have also reduced  
6 our full-time headcount by over 2,500 positions.

7 [Pause] We have consolidated administrative  
8 functions and streamlined services. We have also  
9 put forth a creative solutions and achieved  
10 significant victories to help address our funding  
11 shortfalls under our plan to preserve public  
12 housing. As you may recall, in 2006 NYCHA  
13 announced our seven point Plan To Preserve Public  
14 Housing, also known as the PPPH, to help the  
15 Housing Authority achieve long-term fiscal balance  
16 in the face of significant federal fiscal  
17 disinvestment in public housing. The PPPH set  
18 forth a blueprint to ensure the ongoing viability  
19 of public housing for current and future  
20 generations of low and moderate income New  
21 Yorkers. With the help of an unprecedented  
22 coalition of supporters, including the City  
23 Council, unions, resident leaders, housing  
24 advocates, and residents, NYCHA has been  
25 successful in achieving many of the objectives of

COMMITTEE ON FINANCE, HOUSING, AND PUBLIC  
HOUSING

the PPPH. Let me provide a quick update. The city-funded expense and capital commitments for NYCHA are at record highs thanks to the commitment of Mayor Bloomberg and the City Council. In 2006, \$120 million was provided to support NYCHA's operations and 100 million in capital funding was provided in 2007. This unprecedented funding from the city has been invaluable for the New York City Housing Authority. We are in year two of the implementation of the state approved shelter allowance increase. This initiative will yield about \$46 million in new monies once fully phased in by the year 2010. The Mayor is providing the city's portion of the shelter allowance funding, growing to 15 1/2 million per year. We're grateful to the City Council for the letters of support that were sent to the state on behalf of this initiative. The PPPH also calls for a new funding stream, federal Section 8, to subsidize the operations of our 21 unfunded local develop-- locally-built developments. Mayor Bloomberg personally intervened in September, we received final approval from HUD on this historic initiative which will yield 75 million annually



1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 17  
HOUSING

2 when all 8,400 units are fully phased in. This  
3 will enable us to preserve all 21,000 units at  
4 these complexes. With 3,600 units completed or in  
5 the pipeline, NYCHA's collaboration with HPD to  
6 expand affordable housing in the city will bring  
7 the Housing Authority 55 million in new revenue  
8 from several land projects, as well as an  
9 additional \$50 million from the city. We are  
10 grateful to the many stakeholders who joined us to  
11 help us achieve our goals under PPPH. While  
12 challenges still remain, our achievements under  
13 the PPH, coupled with the cost saving measures  
14 NYCHA has implemented, has gone a long way in  
15 reducing our budget deficits. Let me now take an  
16 opportunity to quickly review our current 2008  
17 budget. On January 23, 2008, NYCHA adopted a  
18 budget for Fiscal Year 2008, preliminary operating  
19 budget, which runs, as you indicated, on a  
20 calendar year of 2.8 billion. It funds the  
21 operations of our vast system of buildings,  
22 grounds, and infrastructure, as well as the  
23 salaries and benefits of 12,000 employees.  
24 Operating dollars also pay for a network of  
25 community-based services. NYCHA's preliminary

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 18  
HOUSING

2 Fiscal Year '08 budget reflected a budget gap of  
3 195 million. In early 2008, we took a series of  
4 actions that reduced that gap \$170 million. To  
5 close the remaining gap for 2008, NYCHA continues  
6 a hiring freeze of nonessential positions. We  
7 continue to develop a specific strategy to close  
8 the remaining deficit by the end of the year. The  
9 actions will likely consist of transfers of  
10 capital funds, possible additional federal aid,  
11 and cost re-estimates. We have been creative and  
12 identified new revenue sources under the PPH--PPPH  
13 and the actions the board has taken has placed  
14 NYCHA in a stronger budget position. However,  
15 NYCHA continues to face structural budget gaps in  
16 the out-years that we must close. We're currently  
17 in the process of developing our Fiscal Year '09  
18 budget for board consideration, which includes an  
19 estimated budget gap of about \$150 million. One  
20 of the main drivers of this gap is the  
21 skyrocketing cost of nondiscretionary employee  
22 benefits, expected wage settlements, pensions, and  
23 health care costs. The most recently announced  
24 labor settlements will cost approximately \$46  
25 million in 2009. While we will continue to

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 19  
HOUSING

2 support our dedicated workforce, we must also find  
3 ways to reign in these costs over the coming  
4 years. On November 5th, Mayor Bloomberg provided  
5 an update to the city's budget that included NYCHA  
6 actions. Let me take this opportunity to  
7 elaborate on his announcement. An additional  
8 challenge to our effort to achieve fiscal  
9 stability is that the federal funding formula no  
10 longer recognizes social and community-based  
11 services. Due to this additional disinvestment,  
12 NYCHA is forced to make some tough short-term  
13 decisions. By the end of January 2009, NYCHA will  
14 implement the staff reduction of about 200  
15 positions and phase out 18 community centers and  
16 no longer fund grants to organizations for  
17 community-based services. This will result in the  
18 savings of approximately \$20 million, which will  
19 be reflected in our Fiscal Year 2009 budget. We  
20 will work with families to assist them in  
21 identifying like resources within their  
22 communities. As I've stated in previous hearings,  
23 all of NYCHA's community-based services had been  
24 at risk due to the budget shortfalls. However, in  
25 our endeavor to deal responsibly with these

challenges, under Mayor Bloomberg's leadership, a plan has been developed that will enable NYCHA residents to continue to access services NYCHA will no longer have the funds to support. New York is fortunate to be a city with a rich network of community-based organizations. In that light, NYCHA will turn to several city agencies, including the Department of Youth and Community Development, Small Business Services, HRA, and ACS to transition over the next 24 months our directly-operated Youth, Prevention and Employment programs to those agencies which are best suited to provide these services. These creative actions will enable NYCHA to reduce its budget deficit by up to \$50 million by the year 2011 and allow us to focus our resources on safeguarding our core mission of preserving and maintaining public housing. NYCHA is also renewing our commitment to protect the most vulnerable of NYCHA's population: seniors and residents who are at risk. As you know, seniors comprise one-third of NYCHA's head of households and are the fastest-growing population within public housing. Through the efforts of the Bloomberg Administration, the city

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 21  
HOUSING

2 will now provide \$30 million in funding to support  
3 the 99 DFTA-operated senior centers on NYCHA  
4 grounds. NYCHA will avoid taking the drastic  
5 measure we initially planned and allow us to  
6 continue to operate our 43 directly-run senior  
7 programs. I am also pleased to report that NYCHA  
8 will also be able to maintain our case management  
9 services or, in other words, or social services,  
10 which provide rapid response crisis intervention  
11 to residents during emergencies such as fires and  
12 natural disasters or people that have emotional  
13 problems that require crises intervention. Beyond  
14 these budget developments, there have been  
15 important accomplishments in NYCHA that I would  
16 like to update you on. First, foremost is in  
17 these achievements are the steps that we have  
18 taken to ensure better services for our residents.  
19 We continue to improve upon our Citywide  
20 Centralized all Center, or CCC. All NYCHA  
21 residents can now call a telephone number 24 7 to  
22 schedule repairs. We are implementing a customer-  
23 service initiative using technology to automate  
24 many of our manual processes. NYCHA staff will  
25 now use handheld computers for apartment and

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 22  
HOUSING

2 elevator inspections, which will automatically  
3 issue work tickets to address repairs more  
4 efficiently. NYCHA is also adding functionality  
5 that will allow customers to submit public housing  
6 applications and check the status of their  
7 applications online. NYCHA continues to implement  
8 our four-year capital program to repair roofs and  
9 the brickwork of our buildings to maintain their  
10 integrity. NYCHA's '08 portfolio represents 249  
11 active construction contracts and 341 contracts  
12 that are substantially complete at a total value  
13 of 1.23 billion. NYCHA is playing a major role in  
14 the Mayor's PlaNYC 2030, which aims to reduce  
15 greenhouse gas emissions and fight climate change.  
16 HUD recently approved NYCHA's preliminary plan of  
17 energy efficiency measures to be implemented  
18 throughout public housing. More than 400 million  
19 will be invested under the first phase for the  
20 deployment of energy-efficient hot water heaters,  
21 lighting upgrades, and heating system rehabs at  
22 dozens of developments. [Coughs] Excuse me. This  
23 investment will be fully funded from energy  
24 savings expected from these initiatives. [Pause]  
25 As I have said from the beginning, the

administration remains committed to preserving public housing in New York City. Unlike choices made by other cities, disposing of public housing is not an option for us here in New York City.

Now it's time to turn our attention back to Washington. We have a new incoming federal administration and with it comes an opportunity, the first in many years, to again emphasize the importance of public housing to this nation. I recently wrote a letter to Speaker Nancy Pelosi and other representatives in Washington urging inclusion of a 5 billion in supplemental assistance for public housing capital fund as part of the second economic stimulus package that's being considered currently by Congress. NYCHA will do everything in its power to stress the need to provide public housing for low and moderate income Americans and press for a proactive urban agenda with the new administration. Investment in public housing is a proven multiplier, stimulating additional economic activity. A recent study by Econsult Corporation determined that, for every dollar spent on capital and maintenance projects, 2.12 in economic activity is generated in the

surrounding community. We estimate that 500 million in NYCHA capital projects that are ready to move will result in over \$3 billion of economic activity in the New York City metropolitan area. 500 million in new capital spending will also result in an estimated 3,500 new jobs. NYCHA's spending of federal funds in New York City has a multi-billion dollar impact on the local economy. This annual positive impact of an estimated 6.7 billion directly benefits area landlords, businesses, employers, other government agencies, and, more importantly, the 262,446 of the city's low and moderate income families. I urge the City Council to do everything in its power to support this request for additional capital funds as part of the second economic stimulus package and to take ongoing action in advocating for full funding for public housing. NYCHA remains a critical affordable a housing resource, despite the Authority's unparalleled response, the structural deficit we're facing continues to adversely impact our operations. However, the Mayor and NYCHA have stated in clear and convincing terms that our decision is to preserve public housing for the



1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 25  
2 HOUSING

3 long-term and we are seeing many concrete results  
4 from the actions that we have taken. Public  
5 housing was conceived 74 years ago as a federal  
6 program, support from Washington is crucial in  
7 solving NYCHA's structural deficit. The NYCHA  
8 board will continue to take the necessary actions  
9 within our control to achieve fiscal balance and,  
10 at the same time, we know that these decisions  
11 will affect some of the city's most vulnerable  
12 citizens and we will make those decisions with  
13 compassion. Once again, I urge all levels of  
14 government to support public housing so that New  
15 Yorkers in need will continue to live in decent  
16 and affordable homes. Let me conclude my remarks  
17 and again thank the City Council for your support  
18 and I'm glad to answer any questions that you may  
19 have at this time.

20 CHAIRPERSON WEPRIN: Thank you--

21 TINO HERNANDEZ: Thank you very  
22 much.

23 CHAIRPERSON WEPRIN: --thank you,  
24 Mr. Chairman, for those enlightening remarks.  
25 We've been joined by Council Member Tony Avella  
from Queens, Council Member Peter Vallone, Jr.,

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 26  
HOUSING

2 from Queens, Council Member Melissa Mark-Viverito  
3 from the Bronx and Manhattan, Council Member  
4 Robert Jackson from Manhattan, and Council Member  
5 Inez Dickens from Manhattan. I've got a--

6 [Off mic]

7 CHAIRPERSON WEPRIN: I did already.  
8 We already introduced the other members. I've got  
9 to leave for a situation in my district, but I  
10 will be returning as soon as I can. In my  
11 absence, Chairman Lew Fidler will be Acting  
12 Chairman of the Finance Committee and Chair Mendez  
13 will co-chair the meeting.

14 [Pause]

15 CHAIRPERSON MENDEZ: I just want to  
16 make some statements, I'm going to defer my  
17 questions until the end when all my colleagues get  
18 a chance to ask their questions. And today there  
19 is no public testimony, public testimony will be  
20 on Monday, if you have anything in writing and you  
21 want to submit it for the record, you can do so  
22 but if you want to come and give testimony in  
23 person that will be on Monday, 3 p.m. on Monday.  
24 We are on a tight schedule, because there are many  
25 other committees that are meeting jointly with

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 27  
HOUSING

2 Finance, this is scheduled to end at 11:30, I want  
3 to try to keep on schedule as close to possible  
4 and I ask my colleagues, I'm going to limit your  
5 questions and if you can be brief with your  
6 questions and so that we can give everyone an  
7 opportunity to ask questions of the Authority. I  
8 am sure we're not going to be able to cover all  
9 the topics and we're working on a hearing to  
10 continue this dialogue from today's hearing  
11 because NYCHA has announced that it will be  
12 closing 18 community centers in this city. The  
13 tentative date right now is December 8th, but we  
14 will confirm that and hopefully we will be making  
15 that happen. Chairman Hernandez, I don't know if  
16 you'll be available for the hearing on that date,  
17 I hope so. So now my--Lew Fidler, who is co-  
18 chairing this with me.

19 CHAIRPERSON FIDLER: Thank you,  
20 Chairperson Mendez. First, I want to take the  
21 opportunity as well, Chairman, to thank you very  
22 much for your service to the city and, as you  
23 know, I don't have any NYCHA developments actually  
24 in my district, but I have four on border blocks  
25 of my district and obviously that's makes it

2 important to my communities and you have done--you  
3 and your staff have been incredibly responsive  
4 every time we've had a need and so I want to thank  
5 you and wish you well at Samaritan Village and I  
6 have a feeling we'll be in touch with you in a  
7 different hat in that regard.

8 TINO HERNANDEZ: Thank you. And I  
9 will be in touch.

10 CHAIRPERSON FIDLER: I'm sure. And  
11 I just--I wanted to make one comment before we go  
12 to other committee members and ask one or two  
13 questions, but I had an interchange with Director  
14 Page on Monday about the idea that New York City  
15 is cutting its capital budget by 20% overall. And  
16 I asked him for some of the math on whether or not  
17 that was going to cost us jobs and revenue and I  
18 was very interested to see that NYCHA appears to  
19 have that math, while Director Page did not and  
20 that the notion that \$500 million in NYCHA capital  
21 projects will result in \$3 billion of economic  
22 activity in New York City is something that I  
23 would commend to Mr. Page's attention. And that  
24 will also result in an estimated 3,500 new jobs,  
25 which is something that we desperately could use

at this time in the city of New York and I just would commend that to the attention of folks at OMB and perhaps instead of going to Samaritan Village, you might want to join Mr. Page's staff, he could use the help. On that subject, though, the concern that we have here at Finance is that in order to meet the growing economic needs at NYCHA, that you're going to be using capital funds to help fill that gap. And so the question is, what is that going to do to your capital program? We can't assume the help that we hope is coming over the hill from Washington--what will that do to your capital program, particularly and specifically to your recent commitments regarding elevator repairs?

[Pause]

TINO HERNANDEZ: Very often, Councilman, when I testify, I focus primarily on the disinvestment that we've had in operating dollars, but I think many Council Members know that we've had a diminution in capital dollars as well. And relative to social services, if people hearken back to the beginning of the Bloomberg administration, we also lost funding that was

really targeted or tailored to social services.

We have tried to be very creative in the way that

we've made our decisions, always trying to

maintain core services. As I indicated in my

testimony, one of the ways that we dealt with some

of our capital needs was to be able to come up

with a creative way of being able to do a bond

deal, we did one trunch of the bond deal, we are

poised to do a second one which would generate

about \$600 million and that, combined with our

capital dollars, has afforded us the ability to be

able to make investments in our infrastructure,

primarily in the area of building façades and

roofs and the like. I also indicated in our

testimony that the Mayor and the City Council in

the budget also gave us \$100 million of capital

dollars that we've been using to be able to do

some of the infrastructure projects that need to

be done. We have competing demands on a regular

basis, we did make a decision and we're actually

going through a process right now of reviewing or

really developing our capital plan and have made

already a very public commitment that we're going

to expedite some of the elevator jobs that need to

2 be done. Over the last decade, I think we have  
3 really replaced about maybe two-thirds of our  
4 elevators, we recognize that we have some  
5 problems--some serious problems in some other  
6 areas. We made a commitment to add about \$107  
7 million to our elevator program and we will look  
8 for ways to be able to do more with that. I don't  
9 know, Doug, if you want to add some to...

10 [Pause]

11 DOUGLAS APPLE: Sorry. We made--we  
12 were here at a hearing--

13 CHAIRPERSON FIDLER: [Interposing]  
14 Could you just--

15 DOUGLAS APPLE: I'm sorry.

16 CHAIRPERSON FIDLER: --we know who  
17 you are--

18 DOUGLAS APPLE: Yes.

19 CHAIRPERSON FIDLER: --just identify  
20 yourself.

21 DOUGLAS APPLE: Douglas Apple, the  
22 General Manager of the Housing Authority. When we  
23 were here at a hearing several weeks ago, we made  
24 a commitment to about \$100 million of additional  
25 elevator projects, about 400 elevators in about 20

different developments. That is a commitment we are living up to, what it is going to require is that we will have to defer other, frankly, needed projects, other brickwork, other roof projects, projects that, frankly, do need done, but given the lack of federal funding, we are going to have to reprioritize our capital program.

CHAIRPERSON FIDLER: Well--

TINO HERNANDEZ: [Interposing] If I may add, I concluded my testimony by expressing some cautious optimism that we do have a new president-elect who has established an urban agenda office within the White House and that we think is very critical that all of the people, the coalition that we've been able to put together to successfully get the shelter allowance, really move to Washington at this point to really press for public housing role within the stimulus package so that we can leverage additional capital money to be able to deal with our infrastructure needs.

[Pause]

CHAIRPERSON FIDLER: Well, so I think that it's fair to paraphrase your answer as



saying, we don't know yet what capital projects won't get done, you're in the process of figuring that out, as you reprioritize and shift capital money to your immediate needs, is that a fair statement?

TINO HERNANDEZ: Yes, we're going through the process of developing our capital program, but we have made commitments that we intend to honor.

CHAIRPERSON FIDLER: Yes, I appreciate that. When do you think we will see that reprioritized plan?

DOUGLAS APPLE: When we do our 2009 budget. In the context of our overall 2009 budget, which we generally do, as you saw, the 2008 budget was done in January, so generally in that timeframe.

CHAIRPERSON FIDLER: Okay. Well, I don't want to say we're looking forward to seeing it, but I guess we're going to--it's inevitable we're going to have to, so... And just one other question before I call on Council Member Liu, you indicated that PPH called for a new funding stream, the federal Section 8 and that when it is

fully implemented, it will yield \$75 million annually. Could you explain to the uninitiated why it can't be fully implemented sooner since that money is obviously so precious?

[Off mic]

DOUGLAS APPLE: Yes, this is something that, frankly, has been several years in discussion with HUD. We are now beginning--and just to give a context, we have 21,000 units located in 21 different developments throughout the city, some of our biggest, that were funded originality and built by the state or the city. Those developments receive no federal subsidy, they actually don't exist in the world of the federal government. What we've been able to do is get the federal government to allow us to introduce Section 8 as a new funding stream. The way that will work was that either tenants that live there today can voluntarily take a Section 8 voucher, if they so choose, or as new residents move in, they'll move in off our Section 8 wait list, because it's a process, right? Because obviously new vacancies are created at very slow rates, that'll start to ramp up over time and for

existing tenants they really have options. They can choose to take a voucher, but if they don't desire, they can stay in their existing development as a public housing tenant. So, therefore, given the voluntary nature of the program, it will take time to ramp up, frankly, over several years.

CHAIRPERSON FIDLER: What's the incentive of a tenant--I mean, excuse my ignorance--for not taking the Section 8 voucher and remaining as a public housing tenant. And, if there isn't any particular reason why they wouldn't, you know, what aggressive steps are you getting to incentivize that change, since obviously it's real dollars?

DOUGLAS APPLE: There are two different programs and they have different impacts on different families, but what we are certainly going around, we've been doing tenant meetings in every single one of the 21 developments, intensive information provision to get people to understand their choices and, frankly, talk about the benefits of Section 8: it's a portable program, it's a program you could either stay with or you

could relocate within the city or, frankly,  
anywhere in the country. It's a program that has  
more flexibility, but it's really going to be a  
choice of individual families and we're working  
with them to make sure they understand those  
choices and encouraging them to make the right  
choice.

CHAIRPERSON FIDLER: Oh, there's no  
force in life as great as inertia, so, you know,  
people have to make the change. I think you're  
going to have to work very hard to encourage those  
that, you know, to whom it [off mic] it makes no  
difference or it would be a benefit, since it's  
clearly a benefit to NYCHA and to the city. So I  
would encourage those efforts. Council Member  
Liu?

[Pause]

COUNCIL MEMBER LIU: Thank you very  
much, Mr. Chairman. I want to thank Chairman  
Hernandez and his team for coming to today's  
hearing. Chairman, I appreciate your testimony  
today and it's a valiant effort at putting a  
positive light on a very dark period and I think  
we have a lot more difficulties--nowhere in your

testimony do you talk about the community centers that are slated for closing and I'm not sure why it is that that's not even being mentioned. But closing these community centers, I believe 18 of them, all across the city will have a drastic impact on our communities. Those people who are working in those community centers are not just employees of NYCHA, they are members of those communities that those centers are in. And in a time when we're talking about increased violence, particularly among some youth, we need to keep those community centers open. And now I don't think there's anything you can answer about that, but I will point out to you, and I think you are aware of this, that in my area in Flushing, NYCHA has spent nearly 10 years building a new community center at a cost of millions and millions of dollars, and it just opened--the programs just started earlier this year and now those residents are being told that that center's closing. It's unbelievable, the residents can't believe it and, Doug, you and I have gone back and forth a long time about why it took so long to finally open that community center and now it's closed or it's

going to be closed. I don't know what the thinking is after spending so many millions of dollars building a new community center to now put it on the chopping block. What I will ask you, 'cause I don't know if you can--if you would like to respond to that, I'd be more than happy to hear it, but, Chairman, your testimony talks about the DFTA-operated senior centers on NYCHA grounds. One of those senior centers would be in this community center that is slated for closing in Flushing, but I don't know if NYCHA has been coordinating with DFTA because there are a lot of changes going on at DFTA. And when you talk about this \$30 million in funding to support the 99 DFTA-operated senior centers, is that \$30 million from the adopted budget or does it reflect the so-called new realities that DFTA is managing through? In other words, is that \$30 million really still going to be there and are those senior centers going to remain open?

[Pause]

TINO HERNANDEZ: To give you, Councilman, the--and I understand your concerns--the overall context. In my testimony, I don't

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 39  
HOUSING

2 remember how far back, our situation was so dire  
3 that I was actually considering closing over 100  
4 community centers and senior programs and had also  
5 looked at the potential layoffs of over 500  
6 people. Under the Mayor's leadership, we were  
7 able to work in a very integrated fashion with the  
8 various social service agencies. The thinking  
9 here is that we still have a commitment to be able  
10 to provide services to the most vulnerable  
11 residents of public housing and we had to find a  
12 creative way within limited resources, tapping  
13 into the technical expertise of other agencies to  
14 find a way of being able to do it over a period of  
15 two years. We are not closing the 43 senior  
16 centers--that was one of the decisions that was  
17 made in this overall plan under the Mayor's  
18 direction and really with the great leadership of  
19 Deputy Mayor Walcott and Linda Gibbs--we've been  
20 able to come up with a plan of how we would sort  
21 of work in a very collaborative way over a period  
22 of time, ensure that we can keep the 43 senior  
23 centers open. The senior center in the facility  
24 that you're speaking about remains, we're not  
25 going to close the facility. We do know that it's

a very difficult decision to, at least at the beginning, say that we're going to phase out 18, but I have always been perfectly willing to sit down with any Council Member that has concerns and look for alternative ways of being able to either maintain those facilities as viable entities within those communities.

COUNCIL MEMBER LIU: Well, Chairman-

-

TINO HERNANDEZ: We did a round of closings previous to this and, working with some of the elected officials, we found ways of being able to maintain some of them open.

COUNCIL MEMBER LIU: Well, as you again, the point about that one particular senior center in Flushing is that it's brand-new and so much money and time was invested and now, after months of operation, it's going to be shut down. And then the other thing I will point out is--

TINO HERNANDEZ: [Interposing] It is not going to be shut down.

COUNCIL MEMBER LIU: Those youth programs are going to be shut down, those kids have--will have nowhere to go after school. I



mean, I don't know how anybody can say that it's not going to be shut down when it is going to be shut down. And I will, again, I think NYCHA needs to coordinate with DFTA because the senior center that your staff had claimed yesterday that was going to remain open, that's under consideration for consolidation, meaning closing, by the Department for the Aging. So when we talk about what's happening here, I think we have to be upfront, straight upfront, and well coordinated among all of the city agencies. I hope, I hope that that senior center will, in fact, remain open, but right now there is far from any guarantee that that will happen. And if that senior center does not stay, then, in fact, that entire new building--the spanking new building will be padlocked and shuttered and we don't want that to happen, especially after the city has already invested millions of dollars and nearly a decade of effort into building that community center. And I will also remind you, and you--NYCHA's fully aware of this, that NYCHA had closed down another community center at the Bland Houses just blocks away and those Bland Houses residents

were told that they should go to the Latimer Gardens, which is brand new and it's a great facility, and now what do we tell the Bland residents, as well as the Latimer residents? It is a difficult situation, you know, whatever you could do to preserve the city's investment in that new community center, it would be much appreciated. But I want to get to my real question here today, which is, the question is how much does the city of New York bill NYCHA for services? And my understanding is that the city, which NYCHA is technically separate from, the city actually bills NYCHA a lot of money every year for services that, if someone lived next door in a private development, would come for free because it's funded by taxpayers. Services such as police, services such as fire, how much does the city bill NYCHA for those kinds of services?

CHAIRPERSON FIDLER: Council Member, in order to avoid the fiasco that we had yesterday where our hearings backed up beyond each other, try and, you know, get to the question--

COUNCIL MEMBER LIU: That's it--

CHAIRPERSON FIDLER: --I'm asking

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 43  
2 HOUSING

3 everybody to a--be concise in asking their  
4 questions.

5 COUNCIL MEMBER LIU: My  
6 understanding is that NYCHA gets billed roughly  
7 around \$191 million a year by the city for these  
8 services that a building--a privately-owned  
9 building next door to a NYCHA complex would get  
10 completely for free because it's already paid for  
11 by the taxpayers.

12 [Pause]

13 TINO HERNANDEZ: I'll let Doug walk  
14 you through the city payments, but I want to  
15 reassure you again that I agree with you that  
16 after an investment to build a community center,  
17 it should not be at a community center that then  
18 is abandoned and padlocked as you indicated. Also  
19 indicated to you that we will retain the senior  
20 services there and we are working in very close  
21 coordination with DFTA to see that we can maximize  
22 all services. And I will again offer to meet with  
23 you to find ways--creative ways of making sure  
24 that Latimer can be retained as a viable service  
25 within the community.

COUNCIL MEMBER LIU: Thank you.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 44  
HOUSING

2 DOUGLAS APPLE: Yes, Councilman,  
3 that is correct, there are a series of services we  
4 pay for to the city, some of those services we all  
5 pay for as property owners. So, for example, one-  
6 -our single biggest payment is for water, we are  
7 billed as a landlord, as any landlord or homeowner  
8 would for water and we pay slightly over \$90  
9 million a year. So, of what you're talking about,  
10 we pay the city, actually more--about half is for  
11 actually payments for water, which we do not, as  
12 you know, pass on to the residents, that is a cost  
13 to the Housing Authority and that's a cost that  
14 any property owner would have, so that's one  
15 category of what we pay for. The other major ones  
16 are policing services, which we pay for, not the  
17 baseline services that everybody would receive,  
18 but what they call above the baseline, and I know  
19 that's been one that's been talked about at a lot  
20 of hearings and we pay about 73 million for that.  
21 And then really the final big chunk of payment is  
22 what's called a payment in lieu of taxes, a pilot  
23 that many not-for-profits pay in lieu of paying a  
24 tax, we are not taxed and we pay somewhere in the  
25 range of a little over \$20 million a year for that

payment in lieu of taxes. One thing we had paid for, for a number of years now, going back to 2002, was for senior programs. As you know, and as mentioned in our testimony, we had previously paid \$30 million to DFTA for the operation of 99 senior centers that were run by CBOs through DFTA contracts. NYCHA will no longer pay for those services, DFTA, my understanding, in fact I've seen it in the city budget that was adopted by the City Council, has additional money--city money in their budget to pay for those senior centers. So the DFTA centers are funded now in DFTA's budget and NYCHA will no longer have to pay for those costs.

CHAIRPERSON FIDLER: Thank you, Mr. Apple, I got to move on.

COUNCIL MEMBER LIU: Thank you, Mr. Chairman.

CHAIRPERSON FIDLER: Council Member--before I call on next questions, I want to acknowledge that we've been joined by Council Member Yassky, Council Member Vacca, Council Member Gioia, and Council Member Oddo in the throne behind me. Council Member Vallone to be

followed by Council Members Mark-Viverito and Reyna.

COUNCIL MEMBER VALLONE: Thank you. First of all, sad to see you go, we're going to miss you, you always picked up the phone when we called and your replacement's going to have some big shoes to follow--to walk in. We understand--I understand the need for cuts, I mean, my committee will be dealing Monday with the loss of a police class. My question though is the decision-making process that went into how you determined which ones to be cut and Council Member Liu, you know, touched on the same subject. You're cutting the Astoria Houses Center, not the entire center, as you said, but Astoria Houses and that's the northwest corner of Queens. There is nothing else up there, there is no supermarket, there is no bank, there is nothing for these people and you can say they could use the nearest center, but that would be Ravenswood, which is right on the border of Eric Gioia's district and that is also closing. The nearest center is Astoria Houses, which is an isolated district, it's right on my border in Eric Gioia's district, that's also

closing. So what was the decision-making process?  
How were these 18 determined? It would seem to  
be, you know--not make sense to open up a new one  
and then close it or close one that doesn't have  
any other--in a community that has no other  
services?

[Pause]

TINO HERNANDEZ: Thank you. Council  
Member, it also has been indeed a pleasure to work  
with you throughout the last few years and I would  
echo what you said, that you've always been very  
responsive whenever I needed you. I'm going to  
have Hugh Spence, our Deputy General Manager of  
Community Operations, walk you through the set of  
criteria that was used in making these  
determinations.

HUGH SPENCE: Hello, my name is Hugh  
Spence, I'm the Deputy General Manager for  
Community Operations and, as the Chairman had  
mentioned earlier this year, he had made a comment  
right here in this room in reference to services  
at NYCHA for our residents and the term that they  
use is that all programs were at risk. At that  
time, we took upon ourselves to begin to look at

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 48  
2 HOUSING

3 all our programs across the system and start to  
4 understand, if we were put in the situation where  
5 we would have to separate services from our  
6 facilities, how do you begin to make that  
7 difficult decision, and I agree with you it was--  
8 is a daunting task. So what we did, we sat and we  
9 formulated what we called an assessment tool, that  
10 was numerically driven and we came up with 10  
11 categories that would help guide us in ranking  
12 these facilities citywide. We looked at usage at  
13 nearby centers, overall program quality for youth  
14 and teens, crime, facility condition, whether or  
15 not it generates revenue, funding partnerships,  
16 and residents support across the system. We  
17 collected all that data, we came up with a ranking  
18 that was not absolutely perfect, but yet, you  
19 know, at some point we are put in the situation to  
20 meet budget mandates for reduction of services and  
21 we started with the first 19 that we slated for  
22 closure, which is now 15 and then we came up with  
23 a second list, which has not yet been implemented  
24 and that number is 18, which some of you have  
25 actually received the list and some of the  
facilities in your areas are targeted. So that



1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 49  
HOUSING

2 was the basic formulations for beginning this very  
3 difficult process.

4 [Pause]

5 COUNCIL MEMBER VALLONE: So you have  
6 15 now and you have an additional 18 [crosstalk]--

7 HUGH SPENCE: [Interposing] Yes, I  
8 have 15 that are currently closed, but understand  
9 when we say NYCHA closes a facility, it doesn't  
10 end there, we don't walk away from our  
11 responsibility. We're also meeting with DYCD,  
12 HRA, ACS, and we have been meeting weekly for the  
13 last four weeks to talk about what services that  
14 would not be funded by NYCHA that might be able  
15 to, one, look at what we do that might be  
16 redundancies and what other city agencies might be  
17 able to bring in and provide some services, either  
18 solely or in conjunction with the Housing  
19 Authority.

20 COUNCIL MEMBER VALLONE: So [pause]  
21 criteria that you just said you used, and some of  
22 it I have no way of knowing, like how much revenue  
23 these things bring into the city, others I do,  
24 like nearby centers like the one in Eric Gioia's  
25 district, which is also closed. So are we able to

get copies of this criteria and able to go through  
it with you?

HUGH SPENCE: Yeah, we have a tool  
that--we can show you the tool that we use. The  
other thing that we did that is very comprehensive  
is that we did a mapping of the entire city of all  
social services, community services, youth  
services, seniors services, in all five boroughs  
by community districts, color-coded so we can look  
and you look at your NYCHA development and I can  
tell you what youth programs are in proximity, how  
far they are. We use that tool and are currently  
using that tool as we meet with our resident  
leadership going forward and in the past meeting  
with the residents and our parents in parents'  
meetings to say where can we assist you in finding  
slots, if available, cause it's not always  
available to be able to help them transition to  
other like programs. And the addition, because  
there will be some gap where, until we develop  
that relationship that we're working on, we're  
like a DYCD, to identify the appropriate services  
to create this transition process that will be  
able to aid the residents in understanding what

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 51  
2 HOUSING

3 services in those particular communities.

4 CHAIRPERSON FIDLER: Mr. Chairman,  
5 and I think the entire committee and, certainly  
6 Council Member Vallone, would like a copy of the  
7 report and the criteria, the data that you used to  
8 issue those priorities. I think you'll be hearing  
9 back from Council Members after we get them.

10 TINO HERNANDEZ: We will certainly  
11 provide that and to the two Council Members, I  
12 would again offer, the first round we did about 18  
13 closures or consolidations, working with the  
14 elected officials in those respective areas, we  
15 were able to find creative ways of retaining three  
16 of those programs. So that I would be perfectly  
17 willing to sit down with you and we can go through  
18 the data, look at the criteria, and then maybe  
19 have a discussion of ways that we might be able to  
20 bring in CBO that would be interested in providing  
21 services there, something that we would be able to  
22 work out. As long as we achieve our savings, I'm  
23 opening--I'm open to different ways of being able  
24 to provide service.

25 COUNCIL MEMBER VALLONE: Which is  
why you'll be missed and I'm told to be brief. So

thank you, Mr. Chair, and I will end my questioning there.

CHAIRPERSON FIDLER: Thank you and I just want to--I'll save time, because we are, as you can see the room is filling up and we do have another hearing scheduled at 11:30. Everyone here, all want to say thank you, Chairman Hernandez, and Chairman Hernandez say you're welcome to all of us at once and we'll save that back-and-forth. I know we all want to express our gratitude and it is well deserved. Council Member Mark-Viverito and, again, I apologize we have about seven council members who want to ask questions, we have about like two minutes each, but, you know, try--so try and be guided by that.

COUNCIL MEMBER MARK-VIVERITO: Thank you, Mr. Chair. So I want to address something that's actually not in your testimony and something that's not been mentioned even our briefing paper. And about two years ago, year and a half ago, in one of the hearings that we had, this kind of situation was forecast in a way, we knew what was coming. You predicted that may have to close centers if in fact could not meet the

deficit or close the deficit, we understood that there was going to be the sale of NYCHA land, which is what I want to focus on, 'cause you're not mentioning at all and that is some sort of revenue stream that NYCHA is looking at. About two years ago when he had the hearing and you proposed that, I raised serious concerns about it, in particular the fact that the city was going to pay only \$50 million for the land that you were identifying, which I thought was really a minute amount, but also it was--it's considered a one-shot deal, which I think is just very weak and something that public policy-wise is a bad precedent. Also the fact that NYCHA is an institution, is an institution which is committed to low-income housing and identifying land which is owned by NYCHA to then be given off for private gain I think is a problem, and I know that we're going through some of that and we just had the discussions about Harborview [phonetic] recently. But, in light of what we discussed a couple of years ago, in light of you restructuring and re-envisioning that, you are looking at that as a possible revenue stream, so I want you to tell us

a little bit about where you're at with that and where things are heading. So that's an area that I think we want to be, we want to be very vigilant about, we want to be very involved. And then so if you could give us an update as to where you're at with that thinking.

[Pause]

TINO HERNANDEZ: I do believe that I alluded to some of the development projects that we're working with in HPD in the testimony--

COUNCIL MEMBER MARK-VIVERITO: I don't--

TINO HERNANDEZ: --probably not as explicitly as our--as you're framing your questions. We heard you, we understood you, we've had discussions with you and, as you know, everything in New York City is not easy. We have--we're engaging in somewhat of a paradigm shift in terms of looking at ways that we can maximize revenue and I--we agree with you that it shouldn't be like one-shot revenue but, you know, we've talked about things such as ground leasing or being able to get the value, or the appraised value of a property and we're looking at various

models, as you know, and you mentioned Harborview, of being able to do mixed-income housing as a way of subsidizing low income housing. So we're doing Harborview, we have other projects in the pipeline, I think 6,000 in all total and we're actually going through an exercise of taking a look at our property to see if there are ways that we can maximize revenue, still have a commitment to low income housing and middle-class housing, but to add some market-rate housing there so that we can find ways of being able to generate revenue, that can then be reinvested back into public housing.

COUNCIL MEMBER MARK-VIVERITO: Well what are your figures? What are you looking at in terms of revenue bringing into NYCHA over what period of time?

DOUGLAS APPLE: If I could Councilwoman--

COUNCIL MEMBER MARK-VIVERITO: Yes.

DOUGLAS APPLE: --and, yes, I do appreciate that we have been talking about this for a while and I also want to say that I really appreciate, as you said earlier, that for a couple

years, you also mentioned that we've been talking about the, frankly, the federal under-funding and also the fact that the federal government no longer funds community and social services. So I think you're absolutely right about that. We have, as you know, kind of begun to evolve our thinking in this area around our properties and around possibilities around those properties. So we have done a range of projects taking, frankly, older properties that, frankly, were either units that were actually off-line or closed and returning them to active use. We have a number of sites now where we have, frankly, that were vacant, were underutilized, were actually apartments, and, in some cases, had been vacant for decades or more that had been renovated and are back and actually on the rent roll, people living in, in low-income housing. In fact, in your district, you know, well, one property Metro-North on a 100th Street and 102nd Street, which were really in the beginning stage of a project with Fips [phonetic] Houses, a large not-for-profit developer, that will realize over 300 new units of predominately low-income housing, new



building and rehab buildings and out of that will come a long-term ground lease held by the Housing Authority where we believe--we're still in the, frankly, negotiating with the developer and with the economy the way it is, numbers move everyday-- but we believe will bring a substantial ongoing revenue stream for probably 30 years or more. So we have that model and that's a model that we think is very successful. In addition, as you pointed out, and as the Chairman said, we're actually now looking even more ambitiously at doing, frankly, mixed-income housing that has low, middle, and even market rate--Harborview is the first of that type. The City Council, as you know, approved the ULURP for that just the other day and that will realize direct revenue of the Housing Authority really from the market rate component. Unfortunately, when you do low or even moderate income housing, the land becomes a subsidy and that's--that is the choice that we're being forced to make in finding the balance because, to be honest, if we do just low-income housing, the revenue we realize will be relatively low. So trying to find a model that has a mix of

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 58  
HOUSING

2 housing types, that both serves the population of,  
3 frankly, we need to serve low and moderate income  
4 New Yorkers, but also finding market rate  
5 components [crosstalk]--

6 COUNCIL MEMBER MARK-VIVERITO:  
7 [Interposing] Understood, but I guess I'm trying  
8 to get a figure. You know, I'm trying to  
9 understand--

10 DOUGLAS APPLE: [Interposing] In our  
11 testimony we actually talk about, for the sites  
12 that we've already identified and have either  
13 completed or are in a pipeline meeting, \$55  
14 million of revenue from just a few sites, in  
15 addition to 50 from the city.

16 COUNCIL MEMBER MARK-VIVERITO: In  
17 what period of time?

18 DOUGLAS APPLE: Just in the last 18  
19 months.

20 COUNCIL MEMBER MARK-VIVERITO: So  
21 you're projecting 55 million-- are you saying for  
22 calendar year 2009?

23 DOUGLAS APPLE: We won't collect all  
24 that money in 2009, because obviously--

25 COUNCIL MEMBER MARK-VIVERITO:

Right, it's long-term.

DOUGLAS APPLE: --it happens over a period of time, but we believe this is sort of the beginning of what will be a longer-term revenue stream.

COUNCIL MEMBER MARK-VIVERITO: Okay. Okay and then--I thank you, thank you for that, I'll leave it at that.

CHAIRPERSON FIDLER: Thank you Council--thank you, Council Member. Council Member Reyna to be followed by Council Member Dickens.

COUNCIL MEMBER REYNA: Thank you, Mr. Chair. I just wanted to--you'll be missed, Chairman Hernandez. I have had a wonderful relationship with you and I don't want to belabor my opportunity to ask questions, so we will talk afterwards. I wanted to just get at the numbers, because numbers don't lie. What is the current deficit for NYCHA?

[Pause]

DOUGLAS APPLE: As we, you know, sit here today for this calendar year, we still have what we would estimate to be about \$170 million

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 60  
2 HOUSING

3 deficit to close for next year. Remember we're on  
4 a calendar year basis, so for 2009, we would start  
5 the year with about \$150 million deficit. Now  
6 those numbers obviously will change as  
7 circumstances change and literally from day-to-day  
8 change, but as we stand here that's where we stand  
9 today.

10 COUNCIL MEMBER REYNA: And what is  
11 the cost savings of the 15 closures of centers and  
12 the additional 18?

13 [Pause]

14 DOUGLAS APPLE: The actions that we  
15 did earlier this year, which included the closing  
16 of the 15, included the elimination of other  
17 positions, that was about \$23 million in savings.

18 COUNCIL MEMBER REYNA: And the 18?

19 DOUGLAS APPLE: The actions that  
20 we're now talking about today, which is the 18  
21 centers and a series of other actions, that will  
22 realize about \$20 million in savings and those are  
23 annualized numbers.

24 [Pause]

25 COUNCIL MEMBER REYNA: And this is  
all for '08.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 61  
HOUSING

2 DOUGLAS APPLE: And on an annualized  
3 basis.

4 COUNCIL MEMBER REYNA: Annualized so  
5 that--

6 DOUGLAS APPLE: Calendar year 2009.

7 COUNCIL MEMBER REYNA: So this  
8 year's deficit of 170 will not be [pause]--

9 DOUGLAS APPLE: This 170 assumes all  
10 the actions I just mentioned--

11 COUNCIL MEMBER REYNA: Okay.

12 DOUGLAS APPLE: --took place as  
13 well.

14 COUNCIL MEMBER REYNA: Okay. And  
15 the \$73 million payment to the city for additional  
16 police service, what additional police service are  
17 we talking about?

18 [Pause]

19 DOUGLAS APPLE: As you know, and  
20 this, frankly, goes back almost 15 years now, the  
21 city and the Housing Authority had a relationship  
22 regarding policing, policing used to be done by  
23 the Housing Authority, when it was done by the  
24 Housing Authority, the city roughly paid for half  
25 the cost and the Housing Authority paid for

roughly half the cost, it was rough. Currently, that arrangement still exist today where the city roughly pays for half the cost of the housing bureau and NYCHA pays for the other half those costs.

COUNCIL MEMBER REYNA: So the other half is \$73 million that you pay--

DOUGLAS APPLE: [Interposing] Yeah, roughly, I think the city may pay a higher share, but roughly.

COUNCIL MEMBER REYNA: --and has there been any conversations with the Mayor given the circumstances of preserving public housing to eliminate this payment of \$73 million or reducing this payment? It seems to me that we would be able to save the 15 and 18 centers on the chopping block, a total of \$43 million, if reduced at the 73 million payment that NYCHA has to give the city, that is currently undergoing a reduction in police officers graduating from the most recent graduating class. That was upcoming. So I'm trying to understand, have there been any discussions with the Mayor and reducing the \$73 million payment as a cost savings?

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 63  
2 HOUSING

3 [Pause]

4 TINO HERNANDEZ: I haven't had a  
5 direct conversation with the Mayor on any  
6 reduction in the money that's--that we allocate  
7 for the police department, but you need to  
8 understand that the Mayor and I are of a single  
9 mind when it comes, and I think the most  
10 fundamental thing that has to be done in New York  
11 City and in public housing is to be able to reduce  
12 crime. The police department has been very  
13 effective, we're not perfect and being able to do,  
14 I think, probably about maybe a 16% reduction in  
15 crime or yeah, may be even larger than that over a  
16 period of time. We've also been able to work with  
17 them very closely in being able to deal with what  
18 we consider to be intractable problems, you may  
19 remember that we announced an initiative to deal  
20 with sex offenders residing in public housing on  
21 an authorized level, being able to go after gun  
22 violence, and being able to go after drug dealers.  
23 There's been a big [crosstalk]--

24 COUNCIL MEMBER REYNA: [Interposing]

25 I understand that, Chairman. I am just referring  
to the issue that, given the circumstances NYCHA

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 64  
HOUSING

2 is going through, given the circumstances that the  
3 federal government is giving you \$.80 to the  
4 dollar reimbursement, and no discussions of  
5 increasing that because obviously their--they've  
6 reduced or eliminated their social service  
7 component to contract with NYCHA developments.

8 There's an opportunity here to renegotiate a \$73  
9 million payment to the city and that is not on the  
10 table and I don't understand why, but yet we're  
11 looking for \$43 million in savings, taking away  
12 the primary centers that act as the safe havens  
13 for a reduction in crime. And so I'd like to see,  
14 at the very least, the open discussion of bringing  
15 this to the table with the Mayor to discuss a  
16 renegotiated \$73 million payment for additional  
17 police service and I, just as much as you do  
18 agree, we have to make sure we don't compromise  
19 our NYCHA developments by reducing policing, but  
20 we can continue to police without breaking the  
21 bank for New York City Housing Authority. Its  
22 developments have been doing very well, much  
23 better than in decades before, and there's an  
24 opportunity here to at least get some savings  
25 somewhere else rather than taking away 18 and 15



1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 65  
2 HOUSING

3 centers that have already been closed down and are  
4 due to close down. And there's this stimulus  
5 package that only referred to a capital but not an  
6 expense and I don't understand why we're not  
7 focusing on requesting a stimulus from the federal  
8 government that would include an expense package.

9 TINO HERNANDEZ: Well I--in my  
10 testimony, I actually allude to both. I believe  
11 that it's part--that we have to fight very hard to  
12 ensure that we're part of the stimulus package,  
13 but we should not lose sight, I'm in agreement  
14 with you, that we should really fight for the  
15 operating dollars, that we get our fair share in  
16 New York City of operating dollars and that should  
17 be part of our federal agenda. I would reiterate  
18 again that public safety, something that's very  
19 paramount to the Housing Authority. We get a  
20 certain synergy out of the police department  
21 running this because it's not just the housing  
22 bureau, we have access to OCCB, the organized  
23 crime task force, we have access to a variety of  
24 police services with this and--

25 COUNCIL MEMBER REYNA: [Interposing]  
I agree Mr. Chairman, but none of us--

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 66  
2 HOUSING

3 TINO HERNANDEZ: --I would say--you  
4 need to let me finish--at the end of the day, the  
5 City Council has the prerogative to have  
6 discussions with the executive branch around  
7 concerns that you have about any of the pilot  
8 payments and the like that something that's  
9 something, that's--

10 COUNCIL MEMBER REYNA: [Interposing]  
11 And we have brought it up--

12 TINO HERNANDEZ: Right.

13 COUNCIL MEMBER REYNA: --and we  
14 would like this to be one of your last discussions  
15 with the Mayor, because it is imperative to  
16 understand that no other individual residing in  
17 the city of New York pays twice for policing, New  
18 York City Housing Authority does.

19 TINO HERNANDEZ: Right.

20 COUNCIL MEMBER REYNA: And that's  
21 the difference and we have access to all those  
22 services that you've just mentioned and we do not  
23 pay twice as residents of New York City. So as  
24 one of the--

25 TINO HERNANDEZ: [Interposing] Well  
as Doug has indicated, we pay for above baseline,

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 67  
2 HOUSING

3 but I will say this to you, it's of grave concern  
4 to you, I know, to some of your colleagues, it's  
5 something that I would--I will have a discussion  
6 with the Mayor about and express the concerns that  
7 you have about it.

8 COUNCIL MEMBER REYNA: Thank you  
9 very much.

10 CHAIRPERSON FIDLER: Thank you,  
11 Council Member. Council Member--oh, we've been  
12 joined by Council Member Eugene. Council Member  
13 Dickens to be followed by Council Member Vacca.

14 COUNCIL MEMBER DICKENS: Thank you  
15 so much, Mr. Chair. The funding that the Council  
16 put in, the 120 million plus 18 million, who does  
17 that audit and who gets it? And why cannot the  
18 City Council get an audit to see how our money was  
19 spent that we put in?

20 DOUGLAS APPLE: If I could,  
21 Councilwoman, the 120 million was money provided  
22 in 2006, that was in the city's fiscal year 2007  
23 budget. Certainly we have a single audit every  
24 year by the same audit firm that audits the city's  
25 books and those books are available and open to  
everybody. The 18 million, just to--and I don't

mean to be technical, but the 18 million is actually not in New York City Housing Authority's budget. It was placed during budget adoption, the adopted budget between the Council and the Mayor and the Departments for the Aging's budget and that money has resided there since budget adoption, so it's actually not technically in NYCHA's budget, though it is part of this overall plan that we've talked about in our testimony.

COUNCIL MEMBER DICKENS: All right. What was that 18 million for, that was not put in your budget, but was put in for DFTA--into DFTA's?

DOUGLAS APPLE: My understanding, and you probably would want the City Budget Director or his staff to better explain it, is that it was there because it had to be put somewhere, kind of a placeholder and it was for senior and community services, which I understand included broadly both senior youth and preventive services. And what we've really been doing for the last several months is working with the administration, with the constituent agencies that oversee those services around a program that we talked about in our testimony.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 69  
2 HOUSING

3 COUNCIL MEMBER DICKENS: Well, now  
4 that you brought that up, I want to talk about the  
5 3 of the 18 centers that's in my district alone,  
6 which would make it approximately 20% citywide is  
7 impacted in my district, which is the programs  
8 Saint Nick and Jackie Robinson of which Willie May  
9 Anderson is here, Dorothy Brown, Bertie Glen  
10 [phonetic] are all here and first, will any senior  
11 centers services at these three sites be closed?  
12 That's my first question.

13 [Pause]

14 TINO HERNANDEZ: As I indicated in  
15 my testimony, we are not closing any directly  
16 operated senior program in the city.

17 COUNCIL MEMBER DICKENS: So none of  
18 my senior citizen services will be impacted with  
19 what I received in this document here, which lists  
20 the 18 sites.

21 TINO HERNANDEZ: If they're directly  
22 operated NYCHA senior programs, they will not be  
23 closed.

24 COUNCIL MEMBER DICKENS: All right.  
25 Now however, at those three sites, youth programs,  
all three youth programs will be closed, is that

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 70  
HOUSING

2 correct?

3 TINO HERNANDEZ: Talking about three  
4 [pause]

5 [Off mic]

6 COUNCIL MEMBER DICKENS: We're  
7 talking about Polo, St. Nick, Jackie Robinson.

8 HUGH SPENCE: Programs are scheduled  
9 to be phased out at those locations, but we are--

10 COUNCIL MEMBER DICKENS: Which  
11 programs? I'm sorry for interrupting.

12 HUGH SPENCE: Let's talk about Polo  
13 grounds --

14 COUNCIL MEMBER DICKENS: All right.

15 HUGH SPENCE: Polo grounds has a  
16 DYCD out of school time program, that will not be  
17 impacted. It also has the attain laboratory that  
18 services seniors, youth, and adults, that will not  
19 be impacted.

20 COUNCIL MEMBER DICKENS: I'm sorry  
21 for interrupting, I just want to know what's going  
22 to be impacted, what will be closed.

23 HUGH SPENCE: What is scheduled to  
24 be impacted is the youth programs for youth 6 to  
25 12 and 13 through 19. We, as I met with the

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 71  
HOUSING

2 residents this week, I am scheduled to meet with  
3 them again before the month is out to basically  
4 discuss a plan of how we can stave off impact to  
5 that that population also.

6 COUNCIL MEMBER DICKENS: And St.  
7 Nicholas?

8 HUGH SPENCE: And St. Nicholas,  
9 we're currently in--we're having conversations  
10 with a CBO in--

11 COUNCIL MEMBER DICKENS:  
12 [Interposing] [Crosstalk] this is youth program  
13 and I'm sorry that I interrupt, but I must know  
14 exactly what's going to be impacted. So are we  
15 talking about a youth program at St. Nicholas?

16 HUGH SPENCE: A youth program at St.  
17 Nicholas is at the--

18 COUNCIL MEMBER DICKENS: Ages.

19 HUGH SPENCE: --6 to 12, 13 through  
20 19 may be impacted.

21 COUNCIL MEMBER DICKENS: Jackie  
22 Robinson.

23 HUGH SPENCE: Same answer, ma'am.

24 COUNCIL MEMBER DICKENS: All right.  
25 And so now you mentioned in answer to my

colleague's question about the criteria used, an assessment tool that's numerically driven of which you named usage, program quality, crime, revenue, partnerships, amongst some other things. Was the rating uniform throughout the city in determining how and which centers will be closed?

HUGH SPENCE: To the best extent possible. It wasn't a perfect tool, but it was a way for us to look at services at all the locations the 94 locations citywide.

COUNCIL MEMBER DICKENS: Well, in light of that then I question because in the Manhattan Times, Polo grounds was cited as being one of the most problematic and, in fact, if you talked about my 32nd Precinct and the PSA Polo Grounds and St. Nicholas--and if you have read in any of the newspapers--these sites have been inundated with youth on youth crime, gangs, etc. and so it would seem to me in using one of the assessment tools, which is the crime, that these sites that have been so severely impacted and if you read the newspapers, in central Harlem we have had, just since May, murders and death of children from 13 and up and so we're talking about closing



programs that is the most severely impacted. Our youth need sites to go to and as I've been working with Doug on this and you, because these three sites that you're talking about in my district and the fact that it's three 20% citywide in my district alone and the fact that it's in an area that's has been inundated with youth crime, then I think it's unfair in whatever assessment the way you did it. And I am also very upset as I sent you a letter and I spoke to Doug because my office wasn't told about this. Ms. Brown was the one who notified me and if she hadn't called my office to tell me that these centers were the ones that were being impacted I would have had an idea and so I told Doug I'm very upset, because contrary to my colleague, I didn't have this communication this open communication, Mr. Hernandez, with your department in knowing what was going to be closed. I don't know about my other colleagues, but I didn't and I express this to Chair Mendez as well. So, you know, I just want to put that on the record, because when we don't know what's being closed, we can't work with you in order to minimize--we recognize the severity of the

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 74  
2 HOUSING

3 economic downfall that we're in today, but we in  
4 the City Council we know what's best for our  
5 districts and, therefore, if you reach out to us  
6 and work with us then we can work with you to  
7 minimize the core essential services to our  
8 district that must be protected.

9 [Pause]

10 CHAIRPERSON FIDLER: I don't even  
11 think that calls for response, Council Member, I  
12 think it speaks for itself.

13 TINO HERNANDEZ: Well, I would like  
14 to, I'll be very brief. I happen to live in the  
15 area. I understand, I'm sympathetic, some of the  
16 concerns that you're raising, I will reach out to  
17 personally, we'll have a dialogue about all of  
18 this.

19 COUNCIL MEMBER DICKENS: All right.  
20 And I want to acknowledge and thank my Assemblyman  
21 Keith L.T. Wright who came down and brought  
22 testimony and submitted written testimony on this  
23 and the--my three, Polo Grounds, St. Nicholas, and  
24 Jackie Robinson who came down in order to listen  
25 to find out firsthand exactly what's going on.  
And the last thing I just want to ask--and please

bear with me--is about the--'cause I have a lot of questions, the Section 8 vouchers I got a lot and I want to preface that I have a fear of the sale of NYCHA land versus ground leasing, which ground leasing can also provide a steady revenue versus the sale and I do have a fear and I said it at the hearings on the Harborview, even though I voted for it, I have a real fear of the sale of NYCHA versus ground leasing. And what was, and pardon me if I didn't read it in your testimony, but exactly what will be realized in the sale of Harborview? The land, I'm not talking about the creation of the non-affordable units, I'm talking about the leasing of the--the sale of the land, what will be realized and over what period of time and will that money be put into the general operations or will that money be put in the Harborview?

DOUGLAS APPLE: Yes, Councilwoman, and I do recognize the points you made and I think it is something that as we move forward we need to sort of take into account and, frankly, look at strategies to realize that goal. So Harborview alone will realize about \$12 million of revenue,

this is really the first time the Housing Authority, and I understand this is controversial and a complicated issue and a hard one for us all, I mean we're really looking to find that balance. I mean we obviously want to use all that money for the benefit of public housing residents and, in fact, the federal government requires us to do that. So all that money will go back into our budget and will go back toward services for public housing residents and some of that as we've really talked of the residents of Harborview and the Councilwoman who represents that district will actually be realized benefits directly at Harborview. There are capital improvements, there are improvements to open space, and there are improvements to the grounds that will be part of this project.

TINO HERNANDEZ: And, again, I will reiterate, I apologize that you didn't get the information ahead of time, I'm making a personal commitment to reach out to you. I think I'll bring a couple of bodyguards because I'm already afraid of you and we will be and give you--

MALE VOICE: And you are a smart

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 77  
2 HOUSING

3 man, sir.

4 TINO HERNANDEZ: --and give you a  
5 thorough briefing of all of the development  
6 projects, we can have a discussion about the  
7 community centers and the like and, again, I don't  
8 live that far away from there. Your colleagues  
9 next to you knows that.

10 COUNCIL MEMBER DICKENS: All right.  
11 Thank you so much. Thank you.

12 CHAIRPERSON FIDLER: Thank you and I  
13 just, you know, I apropos of the closing of the  
14 youth programs and I wear the hat as the Chair of  
15 the Youth Services Committee and I acknowledge  
16 that Council Member James has joined us and it's  
17 kind of timely. This Council pressed DYCD to open  
18 OST programs in NYCHA housing--

19 FEMALE VOICE: [Crosstalk] problem,  
20 because [crosstalk]--

21 CHAIRPERSON FIDLER: --and you  
22 should be mindful of the fact that while you are  
23 taking these actions, one of the PEGS that DYCD is  
24 offering is the reduction--a reduction for unused  
25 capacity in certain OST programs and you need to  
make absolutely certain that they are not going to

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 78  
2 HOUSING

3 take those PEGs in the centers where you are  
4 hoping to provide for these young people who are  
5 losing their other youth program. So there needs  
6 to be some coordination between you and DYCD.  
7 Again, to those of you who are here waiting for  
8 the Aging Committee, we will get to that very  
9 shortly, we have one or two more questionnaires  
10 and I ask them again to be brief. Council Member  
11 Vacca.

12 COUNCIL MEMBER VACCA: Yes, thank  
13 you. Briefly, I want to thank you for keeping the  
14 43 NYCHA-run senior centers open. However, your  
15 statement concerning 99 DFTA-operated senior  
16 centers on NYCHA grounds, the city will now  
17 provide \$30 million in funding. Are those 99  
18 DFTA-operated senior centers going to be--is it  
19 your understanding that those 99 DFTA-operated  
20 senior centers are going to be included in the  
21 citywide RFP?

22 [Pause]

23 TINO HERNANDEZ: Yes, they are.

24 COUNCIL MEMBER VACCA: So then I  
25 have to ask you to clarify that statement because  
any senior center that is included in the citywide

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 79  
2 HOUSING

3 RFP is not guaranteed to stay open. None of them  
4 are guaranteed to stay open, the city will not  
5 give us a commitment and the Council estimates  
6 that, out of those centers, we stand to lose 75 to  
7 85 of them should be RFP go through.

8 TINO HERNANDEZ: I well, I know that  
9 I'm being followed by the Commissioner of DFTA, I  
10 will say to you, Councilman, I know that you have  
11 a strong commitment to senior programs. We've  
12 indicated the same thing given this fastest-  
13 growing population, you know, within public  
14 housing. We understood that we had to make tough  
15 choices, as I indicated, we kept the 43 centers  
16 that we operate open, we're talking with  
17 Commissioner Mendez-Santiago on a regular basis.  
18 I don't understand their plan fully, but he  
19 recognizes--

20 COUNCIL MEMBER VACCA: [Interposing]  
21 They don't either.

22 TINO HERNANDEZ: --he recognizes  
23 that these senior services being offered in public  
24 housing are of great importance to us and we will  
25 continue to work with them to ensure that we can  
maximize as much services as possible.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 80  
HOUSING

2 COUNCIL MEMBER VACCA: Mr. Chair,  
3 you made an important first step by keeping the 43  
4 NYCHA centers open, but I want--

5 TINO HERNANDEZ: [Crosstalk]

6 COUNCIL MEMBER VACCA: --I just  
7 wanted to clarify the point that the remainder are  
8 in jeopardy and could be closed because they're  
9 part of this big pot. My other statement to you  
10 is, are you aware that the RFP that has been given  
11 out to senior centers indicates that NYCHA--that  
12 the nonprofits that are in NYCHA centers, that my  
13 understanding, who do not pay rent now, must pay  
14 NYCHA rent and that that must be included as part  
15 of their bottom-line budget when they submit their  
16 proposal to DFTA? Have you incorporated--are you  
17 aware that you're going to be getting--I'm sure  
18 you are aware but have you tabulated how much rent  
19 is now going to be collected by NYCHA? Is there a  
20 price per center that you anticipate getting from  
21 those who submit a successful proposal to DFTA?

22 [Pause]

23 DOUGLAS APPLE: Sorry, if I could,  
24 Councilman, respond to that, is we have, as you  
25 know, a wide variety of different arrangements



with senior centers, some have been historical in nature and they've been in NYCHA--and, frankly, NYCHA has, long before NYCHA paid for them, NYCHA subsidized them. NYCHA provided free space, free utilities, free maintenance for a very long time. When we came around the arrangement around that NYCHA paid for the \$30 million, actually within that 30 million was money for some, you know, utilities, some maintenance, that was part of that money, so NYCHA actually was able to use that money. We're now obviously not going to be in that position. As we've talked about here before, and we talked about today, we're being forced to make difficult choices, seniors are our highest priority and we're going to maintain the operation of the 43 centers that we directly operate. But, yes, when providers are proposing in any facility, let's just say, as you know, there are over 300 senior centers citywide and many of them are in spaces where they're paying rent. We would ask or DFTA would ask that they propose, as they would in any other facility, that rent be part of their budget. So that's something that will be part of the evaluation, something we'll be talking to DFTA

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 82  
2 HOUSING

3 on and something we're going to work together to  
4 evaluate proposals based upon that.

5 COUNCIL MEMBER VACCA: Just to  
6 clarify that, Doug, and I'm aware of what you said  
7 is true, but when you said you would work with  
8 DFTA to evaluate, is NYCHA--in these 99 centers,  
9 take away the 34, in these 99 centers, is NYCHA  
10 going to have a role in evaluating RFPs with DFTA  
11 for your centers, for nonprofits who submit  
12 proposals for your centers?

13 TINO HERNANDEZ: Yes.

14 COUNCIL MEMBER VACCA: NYCHA will be  
15 having a role in evaluating the RFPs for the  
16 nonprofits that rent space from you.

17 TINO HERNANDEZ: We--as DFTA has  
18 gone through its normal cycle of having to put out  
19 RFPs, which is something that they have to do on a  
20 regular basis and I think it's a good practice,  
21 the Housing Authority has always had a role in  
22 being part of the review committees of proposals  
23 and being part of decision making of proposals.

24 DOUGLAS APPLE: And, in fact, one  
25 thing that we know providers do that work in  
public housing is they have very close

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 83  
2 HOUSING

3 relationship with the residents and we know that  
4 one thing they very much do is get support from  
5 those residents--resident leadership, so there's  
6 always been a role for residents of public housing  
and for the Housing Authority as well.

7 COUNCIL MEMBER VACCA: I thank you,  
8 thank you, Mr. Chair.

9 [Pause]

10 CHAIRPERSON FIDLER: Thank you.  
11 Chairperson Mendez?

12 CHAIRPERSON MENDEZ: I just want to  
13 remind everyone that today is not a public session  
14 and we are running late, we have a couple more  
15 questions. I urge that you have one quick  
16 question and I had deferred my questions to the  
17 end, but I'm going to forego it, because we will  
18 continue this hearing on December 8th. I just  
19 want to say for the record, we've received the  
20 written testimony of Assemblyman Keith Wright,  
21 which is submitted into the record and public  
22 testimony on anything that's been discussed today,  
23 you can come Monday at 3 o'clock to comment on the  
24 Public Housing Authorities plan. Council Member  
25 Martinez followed by Council Member James and then

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 84  
2 HOUSING

3 we will move on to Department of Aging testimony  
4 and moving on in the hearings. Thank you.

5 [Pause]

6 COUNCIL MEMBER MARTINEZ: Thank you,  
7 Madame Chair. Thank you, Mr. Chairman. I wanted  
8 to ask, just following in the line of questioning  
9 of Council Member Inez Dickens. The--I know  
10 because--not because I received direct  
11 communication, but rather because I have had an  
12 initiative from my office having communication  
13 with your office in terms of being informed as to  
14 what's happening with our center, I know that one  
15 of my centers, youth center is community center  
16 scheduled to be closed or no longer run by NYCHA.  
17 What I'm trying to get clear, and I've heard the  
18 questioning and the answers that you've given to  
19 Council Member, but what is the criteria for  
20 selection of the groups that will be running  
21 programs that you will be authorizing to go in and  
22 run the community centers? Is there a clear  
23 criteria--I know there's an application process.  
24 Is it going to be a competitive process? Do they  
25 have to pay a fee to do this? And I just want to  
have some clarity as to that. I'm already aware

that we are losing one of our centers and it's going to be up for selection of a nonprofit to come in. There's a lot of members of my communities in the Dykeman [phonetic] community center Dykeman housing, that are very scared, you know, with the senior program that's being run at the senior center, with the day care center also, there's a lot of uncertainties and people are scared. I just want to have some sort of clarity in terms of what's going to be the criteria to selecting the nonprofit to come in and is this going to be an open process to do that?

TINO HERNANDEZ: If and when a criteria is developed, there will be an open process for a--currently NYCHA has many CBOs that run facilities in around public housing. There's a whole lease agreement process that has been used for the last 30 years that basically vets each of the potential sponsors coming in and there's a whole Vendex process, we look at their financials, there's a whole lease agreement process that we go through and to determine whether or not a group is viable or not. So that's where we are today and we have to this point not sat down with any real

1  
2 viable candidates to say that they have showed a  
3 major interest to come in and actually run the  
4 facility but, yes, there is a process.

5 COUNCIL MEMBER MARTINEZ: Would you  
6 let us know when you're about to make a selection  
7 or a decision of a nonprofit coming into any of  
8 these centers?

9 TINO HERNANDEZ: If and when that  
10 is--happens, it will be very transparent.

11 COUNCIL MEMBER MARTINEZ: I just  
12 wanted for the record from my perspective, just  
13 thank board member Lopez in the chairman's office,  
14 been very informative to my office in terms of  
15 keeping us informed as to what's happening in my  
16 particular development. So I just want to be on  
17 top of that 'cause it is a lot of, you know,  
18 people are not--they're scared, particular the  
19 parents that have the kids at the day care  
20 centers, our seniors are scared 'cause they're  
21 listening that centers are going to be closed at  
22 the NYCHA facility and, you know, all the  
23 information is all coming at once and their--we  
24 need to make sure that people understand what's  
25 what.

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 87  
2 HOUSING

3 TINO HERNANDEZ: Whatever we can do  
4 to help, Councilman, we'll do that. If we need to  
5 go and have a meeting there and we will keep you  
6 apprised of every decision that's made.

7 COUNCIL MEMBER MARTINEZ: Thanks.

8 CHAIRPERSON FIDLER: Council Member  
9 James.

10 COUNCIL MEMBER JAMES: I'll be  
11 really quick. [Pause] MOU between at NYCHA--  
12 between NYC and the police--no, it's the Chairman  
13 of the Housing Authority and the Mayor the City of  
14 New York, which basically says that residents of  
15 public housing, there will be a practice regarding  
16 crime control, strategies focusing on public  
17 housing that are comprehensive, effective,  
18 flexible, criminal targeting and tracking,  
19 disruption of narcotics, loitering, suppression of  
20 robbery and other crimes against persons or  
21 property through the better deployment of  
22 plainclothes personnel in public housing. On  
23 behalf of all residents of public housing  
24 throughout the city of New York, I can tell you  
25 they're not getting any of these services and that  
this contract, this MOU, the fact that we pay

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 88  
2 HOUSING

3 money to the police department should be  
4 renegotiated and or you should pursue litigation.  
5 We need to cut--we need to challenge this MOU and  
6 we should stop paying the police department for  
7 services that the residents of public housing do  
8 not receive--it doesn't require a response, it's  
9 just a statement. Are there any plans--I  
10 represent downtown Brooklyn which is Shangri-La  
11 these days but I--but there's vast degrees of  
12 poverty, Ingersoll, Whitman, Farigat, Atlantic  
13 Terminal and Lafayette Gardens thinks I represent  
14 them, but I'm including them in any plans to sell  
15 any private property on any of those developments  
16 in my district, yes or no. Simple answer.

16 DOUGLAS APPLE: As you know, we are  
17 not selling public housing.

18 COUNCIL MEMBER JAMES: So the answer  
19 is no.

20 Douglas Apple: We're not selling  
21 public housing, we've had that conversation, many  
22 times.

23 COUNCIL MEMBER JAMES: Okay. I just  
24 --

25 TINO HERNANDEZ: I think I've been



COMMITTEE ON FINANCE, HOUSING, AND PUBLIC HOUSING 89

abundantly clear since I've been here--

COUNCIL MEMBER JAMES: But--

TINO HERNANDEZ: --that has--

COUNCIL MEMBER JAMES: No, I understand, but there was a proposal that we voted on just the other day and I just wanted to know was any aspect--

DOUGLAS APPLE: [Interposing] That was land.

COUNCIL MEMBER JAMES: Okay.

DOUGLAS APPLE: That's land and that's different--

COUNCIL MEMBER JAMES: So any land--

DOUGLAS APPLE: --than public housing.

COUNCIL MEMBER JAMES: --okay. Any land in downtown Brooklyn that you plan on selling? In any of those developments.

DOUGLAS APPLE: As other Councilmen can tell you, when we do these projects, we start very early and the first people we talk to are the elected officials and the residents in the affected developments.

COUNCIL MEMBER JAMES: Well the

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 90  
2 HOUSING

3 answer to the question is, it's possible,  
4 everything is possible, everything is on the  
5 table, is that what you're saying?

6 DOUGLAS APPLE: Everything is  
7 possible, Councilwoman, yes.

8 COUNCIL MEMBER JAMES: Okay. In the  
9 event--

10 TINO HERNANDEZ: [Interposing] With  
11 the exception--

12 COUNCIL MEMBER JAMES: Yes.

13 TINO HERNANDEZ: --that Mayor  
14 Bloomberg and I have made a very strong commitment  
15 that New York City will always have a viable  
16 public housing system--

17 COUNCIL MEMBER JAMES: No, I  
18 understand that.

19 TINO HERNANDEZ: --and that we will  
20 not sell public housing in New York City.

21 COUNCIL MEMBER JAMES: No, I  
22 understand that. In the event that there any  
23 plans to touch any part of my district, you have  
24 been very professional, you have cooperated with  
25 me, I've attended all the hearings with the Chair  
and I will continue to do that, but again, the

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 91  
HOUSING

2 first thought, please call me on my cell--

3 DOUGLAS APPLE: And, Councilwoman, I  
4 have your cell phone as you have mine--

5 COUNCIL MEMBER JAMES: I know you  
6 do, I know you do.

7 DOUGLAS APPLE: --and you have my  
8 commitment.

9 TINO HERNANDEZ: But--

10 COUNCIL MEMBER JAMES: Lastly, let  
11 me just--

12 TINO HERNANDEZ: --but, again, I  
13 need to reiterate that any land deals that we've  
14 been doing, we've been doing on vacant land, in  
15 some instances parking lot--replenishing the  
16 parking or on very distressed buildings--

17 COUNCIL MEMBER JAMES: No, I  
18 understand.

19 TINO HERNANDEZ: --that were not  
20 conventional public housing.

21 COUNCIL MEMBER JAMES: Any  
22 additional layoffs anticipated during this plan?  
23 More layoffs? Yes or no.

24 TINO HERNANDEZ: For--this is for  
25 this year, we do not anticipate doing--this is the

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 92  
2 HOUSING

3 plan for now, as I indicated I was forced--I was  
4 really looking at a very drastic plan of laying  
5 off 500 people, been able to minimize that by  
6 working with other city agencies. We will look to  
7 sort of do a transition over a period of a  
8 [crosstalk] years.

9 COUNCIL MEMBER JAMES: Will you  
10 revisit this MOU and the fact that we're paying  
11 monies to NYPD for services that the residents in  
12 my district do not receive? You going to  
13 renegotiate?

14 TINO HERNANDEZ: I will--I've made a  
15 commitment to Councilwoman Reyna and I apologize,  
16 I guess for the way that I responded--

17 COUNCIL MEMBER JAMES: Okay.

18 TINO HERNANDEZ: --that I do not  
19 plan to renegotiate, I feel very strongly about  
20 the need to have public safety in public housing--

21 COUNCIL MEMBER JAMES: We all do.

22 TINO HERNANDEZ: --however, I will  
23 have a conversation with the Mayor and express the  
24 concerns of the City Council.

25 COUNCIL MEMBER JAMES: Last  
question--

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 93  
2 HOUSING

3 CHAIRPERSON MENDEZ: [Interposing]

4 Thank you, Council Member James--

5 COUNCIL MEMBER JAMES: [Crosstalk]

6 CHAIRPERSON MENDEZ: --this is it,  
7 we have run over, I've given up my questions so  
8 that you could ask questions 'cause you always  
9 come to my hearings. So having said that, having  
10 said that, 'cause I have to acknowledge not  
11 everyone shows up to hearings and Council Member  
12 James is always there and I'm very appreciative.  
13 But this brings to a close the part of the hearing  
14 that is with public housing. We will continue  
15 this dialogue on December 8th. I want to--there  
16 are several documents that were referenced and  
17 referred to, I would like that to be provided to  
18 the committee prior to December 8th so that we can  
19 have a better hearing on December 8th--

20 TINO HERNANDEZ: Quiet, please.

21 [Crosstalk]

22 CHAIRPERSON MENDEZ: --and I also--  
23 quiet, please--and I also want to implore the  
24 Housing Authority during these tough times, we are  
25 your ally, we care about public housing residents,  
we want to work with you to lessen the impact of

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 94  
2 HOUSING

3 budget cuts to public housing residents in this  
4 city. I look forward to working with Acting Chair  
5 Ricardo Morales and I hope, Chair Hernandez, that  
6 I will see you on December 8th at what, hopefully,  
7 will be your last hearing.

8 CHAIRPERSON HERNANDEZ: Right, and--

9 CHAIRPERSON FIDLER: Before Chair  
10 Hernandez says his concluding remarks, we have  
11 been joined by Council Members Ignizio and Gentile  
12 during this hearing--

13 MALE VOICE: Right.

14 CHAIRPERSON FIDLER: --Chairman.

15 TINO HERNANDEZ: And I would say to  
16 Chair and to the Assistant Majority Leader that I  
17 will be available, even after I'm gone, anything  
18 that I need to do to protect public housing, I'd  
19 be willing to stand up with you and I do want to  
20 take a moment to really acknowledge the Acting  
21 Chair of the Housing Authority who just joined us,  
22 Ricardo Morales, if you can just okay? Right.  
23 Thank you.

24 CHAIRPERSON FIDLER: Thank you very  
25 much. We are going to be taking a five-minute  
recess. If you're leaving, please leave quickly

1 COMMITTEE ON FINANCE, HOUSING, AND PUBLIC 95  
HOUSING

2 and quietly, that will open up some seats for

3 those of you who are sitting in the back. We will

4 begin the Committee on Aging and Finance in five

5 minutes. Please, those of you are running up to

6 have a conversation with the chairman, please take

7 it outside.

8 [Off mic]

9

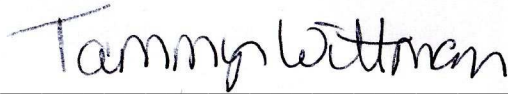
10

11

C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature\_\_\_\_\_

A handwritten signature in dark ink, reading "Tammy Wittman", is written over a horizontal line.

Date \_\_\_\_\_

December 5, 2008